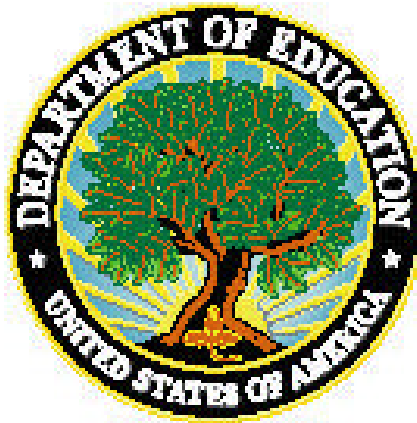


# **SFA Modernization Partner Project INTERIM LEGACY CONTRACT TRANSITION PLAN**

Loan Consolidation System (LCS)



## **Part 1** System Write-up

**ACQUISITION SOLUTIONS, INC.  
MEETINGS WITH DEPT. OF EDUCATION – OSFA  
BUSINESS MANAGERS AND COTR's**

CONTRACT:	LCS (Loan Consolidation System)
CHANNEL:	Students
BUSINESS MANAGER:	
COTR:	
CONTRACTOR:	EDS
CONTRACT NUMBER:	PM-95-0162-01
CONTRACT AWARD DATE:	July 13, 1995
CONTRACT EXPIRATION DATE:	September 30, 2001
ANNUAL CONTRACT COSTS:	\$11 million for consolidation system – also maintained under the same contract as DLO by EDS)

LCS is the system used by students to consolidate all of their education loans.

Types of loans:

- Subsidized – Fed. Government pays interest while student is in school
- Unsubsidized – Student pays interest while in school but this interest can be capitalized and made a part of the principal to be repaid.
- PLUS Loans – Loans to parent (these loans are without limit but credit checks must be performed on these loans).
- Consolidated Loans – A student may elect to put all of his/her loans into one consolidated loan (this could include direct and FFEL loans – at that point the consolidated loan becomes a direct loan).

**LCS FUNCTIONS**

**Processing of Loan Consolidation Request Records Received from Students:**

Students apply to consolidate all loans, application is processed, LCS draws down funds from GAPS (Grant Administration and Payment System at Dept. of Education) to pay-off balances to all lenders (cuts checks to all lenders), and at that point consolidated loan becomes a direct loan). More internal and contractor staff required for Consolidated Loan Process (the consolidation process is much more paper intensive including more mail room personnel and intense manual data entry) – operates under same contract but separate from LCS process.

## **WHO USES LCS?**

External Users:

- Schools
- Students
- Parents
- Dept. of Education GAPS

Internal Users:

- DLS (Direct Loan Servicing)
- CFO

## **ANNUAL CONTRACT COST – OFSA FUNCTION PERCENTAGES**

The annual contract costs for LCS approximately \$11 million. The approximate percentages and annual cost for the base OFSA functions (as outlined in the OFSA Contracts/functions Matrix) are as follows:

Document Handling  
Analytical/ Management  
Support  
Customer Service

## **PLANNED ENHANCEMENTS**

Several enhancements to the system under the system maintenance annual updating process. A maintenance enhancement made to this legacy system will be implemented in concert with approved System Architecture standards and processes currently being implemented within SFA.